

## **DESCRIPTION AND JUSTIFICATION**

### **LEAF RIVER TELEPHONE COMPANY**

**Tariff F.C.C. No. 1**

**Transmittal No. 4**

**Issue Date: December 17, 2001**

**Effective Date: January 1, 2002**

#### **General**

This is the December 17, 2001 MAG Access Charge Tariff filing for Leaf River Telephone Company (the Company) pursuant to CCB/CPD 01-23. This filing consists of revised tariff pages to become effective January 1, 2002, pursuant to Part 61.39 of the Commission's rules, FCC 01-304 adopted October 11, 2001, CCB/CPD 01-23 (DA 01-2748) adopted November 26, 2001, and DA 01-2871 adopted December 11, 2001.

In accordance with CCB/CPD 01-23 (DA 01-2748), cost support, consisting of Exhibits 1 through 13, is provided in an Excel spreadsheet format with 13 section tabs. Also, as required by the aforementioned order, this Description and Justification (D&J) is being provided with this filing.

The revised tariff pages, the cost support and this D&J are being filed electronically.

#### **Cost Support**

The cost support consists of Exhibits 1 through 11, which are the steps in the rate development process for the Company. Also, included are Exhibits 12 and 13, which are the Part 69 cost study revenue requirement summary schedules for the years 1999 and 2000. The revenue requirements shown on Exhibits 12 and 13 flow into the rate development process as shown on Exhibit 5.

The rates developed in the July 3, 2001 annual filing for the Company were developed as required by Part 61.39. These rates, which are currently in effect, have since been modified in this filing pursuant to the FCC orders mentioned above.

Exhibits 1 through 13 contain the following information:

- Exhibit 1 – TIC Limitation and TIC to be Reallocated Per Part 69.415
- Exhibit 2 – TIC Reallocation to CCL, Traffic Sensitive and Special Access
- Exhibit 3 – Line Port Costs
- Exhibit 4 – SLC Revenues for January 1, 2002 through June 30, 2002
- Exhibit 5 – Revenue Requirements for Rate Development
- Exhibit 6 – Demand Quantities for Rate Development (Same as 7/3/01 Annual Filing)
- Exhibit 7 – Rate Adjustment Factors (RAFs) for Special Access Rate Development

Exhibit 8 – Special Access Rate Development Detail  
Exhibit 9 – Special Access Rate Development Summary  
Exhibit 10 - Switched Access Rate Development Detail  
Exhibit 11 – Switched Access Rate Development Summary  
Exhibit 12 – Year 1999 Interstate Part 69 Revenue Requirement Summary  
Exhibit 13 – Year 2000 Interstate Part 69 Revenue Requirement Summary

### **Highlighted Information**

The FCC Order CCB/CPD 01-23 requests that certain information be highlighted in the D&J. The requested four items are addressed below, along with addressing the coordination of cost shifts.

#### **1) Revenues for January 1, 2002 to June 30, 2002 Resulting From Increase to SLC Caps**

Exhibit 4 provides the SLC revenues as requested by the FCC. The residential SLC revenues for Leaf River Telephone Company resulting from the residential SLC rate of \$5.00 are \$15,660. The single-line business SLC revenues for the Company resulting from the single-line business SLC rate of \$5.00 are \$1,590. The multi-line business SLC revenues for the Company resulting from the multi-line business SLC rate of \$9.20 are \$1,932.

#### **2) Revenue Requirement Shifted From Local Switching to Common Line**

Exhibit 3 shows the calculation of line port costs. This amount for the Company is \$38,662. Exhibit 2 shows how this amount is subtracted from the local switching revenue requirement and added to the common line revenue requirement prior to the TIC reallocation.

#### **3) Revenue Requirement Shifted From TIC to Common Line**

Exhibit 1 shows the calculation of the TIC limitation for the Company. This amount is \$17,157. This amount is compared to the \$32,169 TIC revenue requirement in the July 3, 2001 annual filing. The \$17,157 is the amount that is reallocated per the December 11, 2001 FCC order (DA 01-2871). Exhibit 2 shows the reallocation of the \$17,157, as required, to the common line, traffic sensitive and special access elements.

4) The Net Increase in the Common Line Revenue Requirement

Exhibit 2 shows the net increase in the common line revenue requirement for the Company. A projected amount of \$242,375 for year 2002 was previously submitted to NECA, as required for the Common Line Pool. The line port cost shift of \$38,662 and the TIC reallocation amount of \$12,337 have been added to the common line revenue requirement. Therefore, the net increase in the CCL revenue requirement is \$50,999. This results in a revised 2002 common line revenue requirement for the Company in the amount of \$293,374. This amount has been submitted to NECA as requested.

Coordination of Cost Shifts

The Company has coordinated the cost shifts as required. The line port shift has been coordinated between common line and local switching. The TIC reallocation has been coordinated between the TIC and common line, traffic sensitive and special access elements. The results of coordinating these cost shifts makes this a revenue neutral filing for the Company.